
AGENCY OVERVIEW**401 Office of the Insurance Commissioner**

Date: 01/13/2011**Time:** 11:01:39**Statutory Authority**

North Dakota Century Code Title 26.1.

Agency Description

The North Dakota Insurance Department is a state regulatory agency headed by the Insurance Commissioner. The department is made up of seven main divisions: Legal and Enforcement, Property and Casualty, Life and Health, Consumer Assistance, Examinations and Company Licensing, Agent Licensing, Administration and Special Funds. The department employs 45.50 full-time staff members. All fees and fines paid by companies or agents are deposited into the insurance regulatory trust fund, from which the money to operate the office is appropriated by the North Dakota Legislative Assembly.

Agency Mission Statement

It is the mission of the North Dakota Insurance Department to protect the public good by fairly and effectively administering the laws of North Dakota. We are committed to vigorous consumer protection efforts while fostering a strong, competitive marketplace that provides consumers with choices and access to high-quality insurance products and services at competitive prices. In pursuit of our mission, we will treat all of our constituencies with the highest ethical standards and respect they deserve.

Agency Performance Measures

Goals for the Department and individuals are completed each year, and are reviewed for completion and accuracy on an ongoing basis. Statistics are kept in each Division that are compared to the goals established and how they compare to previous years. Each Division submits regular reports depicting activities, problems and how to resolve them, status on special projects, and upcoming events requiring special attention.

Major Accomplishments

1. Completed conversion to new web-based case management called State Based Systems (SBS) for consumer assistance, inquiry, complaints, enforcement, fraud, company licensing and producer licensing.
2. Provided consumer relief of \$954,617 through the consumer assistance hotline calls.
3. Provided \$12.9 million in consumer relief through the State Health Insurance Counseling (SHIC) program and Prescription Connection.
4. Closed out 539 agent and company complaints resulting in \$1.9 million in consumer relief.
5. Published online consumer education information about the Patient Protection and Affordable Care Act, including an implementation timeline, a glossary and frequently-asked questions.
6. Redesigned the department's website to simplify navigation and usability. The website's code was also updated to minimize hacking risk.
7. Introduced a new logo featuring a shield icon, emphasizing its mission of consumer protection.
8. Conducted a ground-breaking health insurance study across the state, called Choosing Healthplans All Together (CHAT).
9. Created a television public service announcement to reach consumers having trouble in the donut hole.
10. Received recognition as the SHIC program was named number one in the nation for 2008 and 2009 by the Centers for Medicare and Medicaid Services (CMS). The ranking is based on performance criteria.
11. Developed two free SHIC consumer education events, one focusing on Medicare/turning 65 and the other focusing on long-term care insurance.
12. Rolled out new computer equipment and peripherals to staff.
13. Investigated 62 insurance fraud cases and 24 enforcement cases.
14. Completed the placement of catastrophic (reinsurance) for fire and tornado fund policyholders.
15. Provided low-cost insurance through the fire and tornado fund to approximately 1,082 state entities and political subdivisions.
16. Completed rulemaking in 18 chapters of North Dakota Administrative Code to adopt changes that improve regulation of insurers.
17. Implemented statute changes in the renewal process for insurance producer licenses in accordance with national uniformity standards.
18. Collected additional renewal fees of \$1.7 million based on a special project to identify unreported retaliatory fees.
19. Implemented a risk-focused surveillance approach in conducting financial examinations to improve ongoing monitoring of the financial condition of insurers.
20. Completed 15 market analyses per year to identify general market disruptions and specific market conduct problems before they harm consumers.

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21. Collected and deposited into the general fund, \$65.0 million of premium tax and transferred \$7.3 million from the insurance regulatory trust fund to the general fund.

Future Critical Issues

1. Foster and maintain healthy competition in all lines of insurance while preserving necessary consumer protections.
2. Maintaining an adequate computer system and imaging technology to improve Department efficiency and meet the changing needs of the industry and public.
3. Maintaining adequate staff to meet the existing and changing demands of the Department, especially in extremely competitive market positions.
4. Educate customers on the importance of understanding their insurance coverage and providing information and assistance to support that understanding.
5. Work with the US HHS Centers for Medicare and Medicaid Services (CMS) to assist Medicare beneficiaries.
6. Monitor and participate in the ongoing federal debate in insurance regulation.
7. Ensure compliance with insurance laws and administrative rules to ensure that consumers are treated fairly and are protected from unfair practices.
8. Investigate insurance fraud and other insurance-related misconduct.
9. Implement a program to monitor and examine the compliance of health plans with requirements under the Patient Protection and Affordable Care Act.
10. Implement changes to surplus lines requirements resulting from the federal enactment of the Non-Admitted and Reinsurance Reform Act (NRRRA passed as part of the Financial Reform Bill HR4173 and signed into law by the President on July 22, 2010; its provisions are effective June 16, 2011).
11. Ensure that the Department will maintain accreditation with the National Association of Insurance Commissioners (NAIC) Accreditation Program through appropriate preparation for a 5-year peer review in the second quarter of 2012.
12. Automate the filing of annual renewal statements and related payments by approximately 1,200 licensed insurers and 400 registered entities.
13. Implement any statutory changes as required by the 62rd Legislative Assembly.

REQUEST SUMMARY

401 Office of the Insurance Commissioner
 Biennium: 2011-2013

Bill#: SB2010

Date: 01/13/2011
 Time: 11:01:39

Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
By Major Program					
Grants To Local Fire Departments	6,320,000	6,820,000	0	6,820,000	0
Regulatory and Administration	7,094,749	8,896,800	(145,541)	8,751,259	2,995,021
Total Major Program	13,414,749	15,716,800	(145,541)	15,571,259	2,995,021
By Line Item					
Salaries and Wages	4,910,006	6,468,536	29,459	6,497,995	1,183,832
Operating Expenses	2,014,743	2,063,264	0	2,063,264	1,761,189
Capital Assets	0	170,000	(150,000)	20,000	50,000
Technology Project Carryover	0	25,000	(25,000)	0	0
Grants to Fire Districts	6,490,000	6,990,000	0	6,990,000	0
Total Line Items	13,414,749	15,716,800	(145,541)	15,571,259	2,995,021
By Funding Source					
General Fund					
Federal Funds	497,256	636,296	176,453	812,749	2,000,000
Special Funds	12,917,493	15,080,504	(321,994)	14,758,510	995,021
Total Funding Source	13,414,749	15,716,800	(145,541)	15,571,259	2,995,021
Total FTE	46.50	45.50	0.00	45.50	9.00

REQUEST DETAIL

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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
Salaries and Wages					
Salaries - Permanent	3,664,953	4,780,445	(62,333)	4,718,112	874,004
Salaries - Other	0	0	12,000	12,000	0
Temporary Salaries	36,118	29,904	77,674	107,578	0
Overtime	35	554	(554)	0	0
Fringe Benefits	1,208,900	1,657,633	2,672	1,660,305	309,828
Total	4,910,006	6,468,536	29,459	6,497,995	1,183,832

Salaries and Wages

General Fund	0	0	0	0	0
Federal Funds	218,056	325,085	170,355	495,440	581,364
Special Funds	4,691,950	6,143,451	(140,896)	6,002,555	602,468
Total	4,910,006	6,468,536	29,459	6,497,995	1,183,832

Operating Expenses

Travel	238,889	345,510	6,450	351,960	60,000
Supplies - IT Software	59,607	70,200	51,791	121,991	37,400
Supply/Material-Professional	27,287	18,400	3,450	21,850	9,900
Food and Clothing	62	3,600	(1,500)	2,100	270
Miscellaneous Supplies	13,324	51,302	(21,887)	29,415	9,600
Office Supplies	27,608	33,399	1,101	34,500	17,520
Postage	103,851	115,436	(2,036)	113,400	24,680
Printing	94,770	122,925	(21,925)	101,000	35,000
IT Equip Under \$5,000	50,178	40,800	6,980	47,780	25,490
Other Equip Under \$5,000	4,892	108	0	108	0
Office Equip & Furn Supplies	19,456	25,192	(4,700)	20,492	122,400
Insurance	16,991	41,550	(16,570)	24,980	12,120
Rentals/Leases-Equip & Other	15,963	25,550	(2,390)	23,160	12,000
Rentals/Leases - Bldg/Land	222,408	222,600	54,818	277,418	96,000
Repairs	180	1,700	300	2,000	240
IT - Data Processing	255,640	375,000	(89,572)	285,428	27,600
IT - Communications	74,469	85,000	9,979	94,979	33,600
IT Contractual Svcs and Rprs	23,834	15,200	7,900	23,100	37,200
Professional Development	43,748	76,529	(10,244)	66,285	21,600
Operating Fees and Services	109,130	225,640	(64,441)	161,199	106,569
Fees - Professional Services	112,456	167,623	92,496	260,119	1,072,000
Non-Operating Expenses	500,000	0	0	0	0
Total	2,014,743	2,063,264	0	2,063,264	1,761,189

Operating Expenses

REQUEST DETAIL

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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
General Fund	0	0	0	0	0
Federal Funds	279,200	311,211	6,098	317,309	1,368,636
Special Funds	1,735,543	1,752,053	(6,098)	1,745,955	392,553
Total	2,014,743	2,063,264	0	2,063,264	1,761,189

Capital Assets

IT Equip/Sftware Over \$5000

	0	170,000	(150,000)	20,000	50,000
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Total	0	170,000	(150,000)	20,000	50,000
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Capital Assets

General Fund	0	0	0	0	0
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Federal Funds	0	0	0	0	50,000
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Special Funds	0	170,000	(150,000)	20,000	0
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Total	0	170,000	(150,000)	20,000	50,000
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Technology Project Carryover

IT Equip/Sftware Over \$5000	0	25,000	(25,000)	0	0
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Total	0	25,000	(25,000)	0	0
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Technology Project Carryover

General Fund	0	0	0	0	0
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Federal Funds	0	0	0	0	0
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Special Funds	0	25,000	(25,000)	0	0
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Total	0	25,000	(25,000)	0	0
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Grants to Fire Districts

Grants, Benefits & Claims	6,490,000	6,990,000	0	6,990,000	0
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Total	6,490,000	6,990,000	0	6,990,000	0
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Grants to Fire Districts

General Fund	0	0	0	0	0
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Federal Funds	0	0	0	0	0
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Special Funds	6,490,000	6,990,000	0	6,990,000	0
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Total	6,490,000	6,990,000	0	6,990,000	0
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Funding Sources

General Fund	0	0	0	0	0
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Federal Funds	497,256	636,296	176,453	812,749	2,000,000
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Special Funds	12,917,493	15,080,504	(181,994)	14,758,510	995,021
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Biennium: 2011-2013

Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
Total Funding Sources	13,414,749	15,716,800	(5,541)	15,571,259	2,995,021

CHANGE PACKAGE SUMMARY

401 Office of the Insurance Commissioner
 Biennium: 2011-2013

Bill#: SB2010

Date: 01/13/2011

Time: 11:01:39

Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
<u>Base Budget Changes</u>						
One Time Budget Changes						
A-E 2 Remove one time budget item		0.00	0	0	(195,000)	(195,000)
Total One Time Budget Changes		0.00	0	0	(195,000)	(195,000)
Ongoing Budget Changes						
A-A 1 Operating Expenses Base Budget		0.00	0	6,098	13,902	20,000
Base Payroll Change		0.00	0	170,355	(140,896)	29,459
Total Ongoing Budget Changes		0.00	0	176,453	(126,994)	49,459
Total Base Budget Changes		0.00	0	176,453	(321,994)	(145,541)
<u>Optional Budget Changes</u>						
Ongoing Optional Changes						
A-C 3 Health care reform	1	9.00	0	2,000,000	995,021	2,995,021
Total Ongoing Optional Changes		9.00	0	2,000,000	995,021	2,995,021
Total Optional Budget Changes		9.00	0	2,000,000	995,021	2,995,021

BUDGET CHANGES NARRATIVE**401 Office of the Insurance Commissioner****Bill#: SB2010****Date:** 01/13/2011**Time:** 11:01:39

Change Group: A	Change Type: A	Change No: 1	Priority: 1
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Operating Expenses Base Budget - Funds were reallocated between categories as needed.

Funds are reallocated between account codes as needed.

Change Group: A	Change Type: C	Change No: 3	Priority: 1
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Health care reform - Optional request to implement health care reform legislation.

Optional package is included to fund anticipated costs related to the Federal Health Care Reform Act passed in 2010.

Change Group: A	Change Type: E	Change No: 2	Priority: 1
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Remove one time budget item - Remove one time budget item from prior biennium.

Package is to remove one time budget items from prior biennium.

Change Group: R	Change Type: A	Change No: 10	Priority:
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Health Care Reform

This recommendation provides authority for 5.00 FTE and operating expenses related to the health care reform. The 5.00 FTE positions are as follows:

- 1.00 FTE insurance company examiner
- 1.00 FTE research analyst
- 1.00 FTE insurance company financial analyst
- 1.00 FTE insurance form rate analyst
- 1.00 FTE state health insurance counselor

This recommendation also provides \$1.6 million for operating expenses associated with 5.00 FTE and one temporary position. Of the total, over \$1.0 million is budgeted for contractual services relating to the review and analysis of the health insurance premium rate review process in North Dakota. The majority of this recommendation (\$2.0 million) is funded with federal funds relating to health insurance premium rate review.